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TAGS: [ELAB](#) [ECON](#) [TS](#)
SUBJECT: LABOR NEGOTIATIONS INCH FORWARD

REF: A. TUNIS 615
[1](#)B. TUNIS 596
[1](#)C. TUNIS 394
[1](#)D. TUNIS 387
[1](#)E. TUNIS 362

Classified By: Ambassador Robert F. Godec for Reasons 1.4 (b) and (d).

Summary

[1](#)1. (SBU) On June 11, the latest effort to restart stalled labor negotiations between the General Union of Tunisian Workers (UGTT) and the Tunisian Union for Industry, Commerce, and Handicrafts (UTICA -- Tunisia's employers' union) got underway. After a series of 35 meetings over the last three months, the central negotiating committee reached a general framework agreement addressing general issues for workers and union rights. The talks were stalled by four main sticking points: the number of hours granted labor union leaders for training, the protection of labor union leaders, the number of years before an employee becomes permanent and respect for the minimum and maximum hours of work. Now that this agreement has been reached, the 51 sector specific negotiations, which include discussions on wage increases, can begin. With protests over unemployment and high prices in the mining area of Gafsa becoming violent in early June (reftels), the labor negotiations could not come at a more difficult time. Discussions on wage increases, which are always tough, are expected to be even more so with rising inflation as a backdrop. In advance of the wage discussions, the GOT announced a small increase in the minimum wage, but few believe that this increase will forestall a protracted series of negotiations. End Summary.

Let the Negotiations Begin

[1](#)2. (SBU) April marked the start of the labor negotiations between the UGTT, UTICA, and the GOT. Public and private sector labor contracts and wage increases are negotiated every three years, with the last negotiations occurring in [1](#)2005. After the central negotiating committee reaches a framework agreement on major points, the UGTT and UTICA begin negotiating 51 sector-specific collective bargaining contracts, each of which will address wage increases. Following the April kickoff of private sector negotiations, the central committee met 35 times before reaching a general agreement to govern the sector by sector negotiations.

Public sector negotiations are already underway. The 2005 negotiations dragged on until 2006, providing a harbinger of the long process still ahead.

The Demands

13. (SBU) At issue were four main sticking points: the number of hours granted to labor union leaders for training, the protection of labor union leaders, the number of years before an employee becomes permanent and respect for minimum and maximum hours of work. UGTT is the sole bargaining agent for Tunisian workers and tries to maintain the uneasy balance between good relations with the powers that be and advocacy on behalf of its membership. Nevertheless, due to their advocacy UGTT leaders sometimes come under pressure from both private companies and the GOT -- facing dismissal, transfer, or other punitive actions. In one highly publicized case, three high school teachers began a hunger strike after they were fired by the GOT -- allegedly for their labor activism. On this point, UTICA agreed to respect the rights of labor union leaders. The UGTT argued that getting UTICA's agreement to protect labor union leaders was critical, but in actuality the framework does not provide any greater detail on how these rights will be protected in practice. As part of the agreement, the two parties fixed the number of paid hours of training labor union leaders can receive according to the size of the company. The third bone of contention was UTICA's demand to increase the number of years that employers can keep workers as contract employees. Currently workers become permanent employees after four years in the same position, which UTICA sought to increase to eight. UTICA eventually agreed to leave the term at four years. On the fourth point, UTICA agreed to respect the minimum and maximum hours of work, although these hours are clearly fixed as part Tunisia's Labor Code. Upon reaching an agreement on the framework UGTT announced that they achieved all their objectives, but only now can the 51 sector-specific negotiations begin.

Protests Continue

14. (C) This round of negotiations takes place against the backdrop of continuing unrest in the mining area of Gafsa (reftels). Protests are extremely rare in Tunisia, but frustration over high unemployment, rising prices, and corruption fueled a series of protests that began in April. Inflation for the first five months of 2008 is 5.7 percent above the same period in 2007, driven largely by rising world food and fuel costs. Nationwide unemployment is officially 14.1 percent, but the rate is estimated to be much higher in rural areas and among recent university graduates. The national leadership of UGTT has expressed its "serious interest" in the social conditions in Gafsa, with local labor leaders, including UGTT members, reportedly active in the movement. Given its countrywide presence and sizable membership, UGTT played an important role in organizing and supporting two previous periods of unrest: the 1978 general strike and the 1984 bread riots. UGTT finds itself in a strong bargaining position, and with wage increases still on the table has announced it is seeking a six percent salary increase. On June 2, the GOT announced an increase in the minimum wage outside of the labor negotiations, in an apparent effort to diffuse tensions and limit the impact of high inflation on Tunisia's workers. From July 1, the minimum wage will go from 208 dinars (US \$177) to 218 dinars (US \$186) a month for a 40-hour work week and from 240 dinars (US \$204) to 252 dinars (US \$214) a month for a 48-hour work week.

Real Solutions Elusive

15. (C) Although both sides are expected to get something they

want out of the negotiations, few observers believe the final agreement will produce any real solution to the larger problems plaguing Tunisia's labor market. Tunisia's high unemployment rate can be partially attributed to low domestic investment rates, but international financial institutions such as the International Monetary Fund stress the need to improve labor market flexibility. Mondher Khanfir, private consultant and UTICA representative for the services sector, argued that none of the three parties was actually looking for a solution to labor or economic problems. Reciting a Tunisian proverb that says "having no solution dissolves the problem", Khanfir stated that "They are looking for half-solutions." "It's clear," he said, "Djilani (UTICA head) wants to see how little he can give up. Jerad (UGTT head) wants to see how much he can get." Khanfir exclaimed that the whole process was for appearances' sake and we should not expect to see anything significant come out of this.

Comment

16. (C) While this first agreement addressed several key points for UGTT's leaders, the issues of greatest concern for its membership are still on the table. With frustration with rising prices and unemployment at an all time high, the UGTT is in a strong bargaining position, but also knows it needs to produce. Many local labor leaders have been involved in the protests in Redeyef and are well aware of the pressure the continuing unrest puts on the GOT. Higher wages are important for many Tunisians, who have seen their purchasing power steadily erode, but high inflation is but one of the problems that spurred the Gafsa protests. As Khanfir rightly points out, these negotiations will not solve Tunisia's unemployment problem. End Comment.

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